

**STATEMENT OF BRUCE SHEAFFER, COMPTROLLER, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR, BEFORE THE SENATE ENERGY AND NATURAL RESOURCES SUBCOMMITTEE ON NATIONAL PARKS ON THE NATIONAL PARK SERVICE'S BUSINESS STRATEGY FOR OPERATION AND MANAGEMENT OF THE NATIONAL PARK SYSTEM**

**July 14, 2005**

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Mr. Chairman, thank you for the opportunity to appear before you at this oversight hearing on the National Park Service's business strategy for operation and management of the National Park System, including development and implementation of business plans, use of business consultants, and incorporating business practices into day-to-day operations. The use of effective business practices to fulfill our core work is one of the key aspects of promoting management excellence, one of the Director's five stated goals for the next four years. We have been moving on several fronts to adopt more business-like practices and we are pleased to share with the subcommittee our progress in this area.

One of the most important areas in which the National Park Service (NPS) is pursuing more business-like practices is in our budget formulation process—the process we use to determine the most effective and efficient allocation of funds requested in the President's budget and appropriated to NPS by Congress. Over the past several years, we have adopted four new tools that are improving that process: the park scorecard, a core operations analysis, the budget cost-projection module, and business plans. In addition, the NPS is participating in the use of the Program Assessment Rating Tool (PART), a government-wide initiative that attempts to move agencies toward greater levels of budget and performance accountability. Examples of other areas in which NPS is engaged in more business-like practices include the concessions program, facility maintenance, the Department's all-in-one business system, and competitive review processes.

The park scorecard NPS has developed is an indicator of each park's financial, operational, and managerial health. In addition to serving as a management tool for the park superintendent, the scorecard is used to aid in the identification and evaluation of base budget increases for park units. It provides an overarching snapshot of each park's current situation by offering a way to analyze individual park needs and to understand how parks are faring relative to one another based on broad, objective criteria. The current version of the scorecard has over 30 separate measures identified, all of which are grouped into four categories: financial management, organizational management, recreation, and resource management.

Although not yet fully developed, the scorecard played a role in the selection of parks for the additional FY 2005 operations funding provided by the Congress. The scorecard will be continually evaluated and expanded to meet park performance and budget needs and we anticipate that its use, in time, will aid NPS in evaluating all base programs, as well as incremental changes.

In addition to the scorecard, we have developed a core operations analysis process that integrates management tools to improve park efficiency. This process has been used successfully in the Intermountain Region, which has set a goal of reallocating resources equivalent to at least 10 percent of base funds to key activities and top park priorities. Each park within the region is seeking to: 1) achieve personal services and fixed costs equal to or below 80 percent of base funds; 2) pursue efficiencies based on cost-benefit analyses of alternatives; and 3) ensure that each park's base budget relates to core operations and overall National Park System goals and priorities.

To achieve these goals, the Intermountain Region went through a multi-step process. The region:

- Undertook an exercise of projecting their costs into the future if they made no changes at all in organization structures, program delivery, distribution of personnel and resources, and management practices;
- Compared this projection with likely available funding and concluded that without any priority setting or improved management they would experience a shortfall in resources;
- Identified clear "purpose statements" for each park and identified each park's priorities;
- Reviewed and analyzed the current allocation of personnel and resources by each activity, examining whether the activity was a core activity, legal requirement, desirable but not absolutely necessary, and determined whether FTEs could be eliminated or whether more FTEs were needed for that activity;
- Identified current and potential efficiencies that reduced costs per unit of output, avoided costs, generated cost recoveries, or eliminated lower-priority activities;
- Developed an action plan to implement the potential efficiencies; and
- Worked with employees to communicate, implement, and adjust the plan.

A sampling of the significant results generated by this effort includes:

- The region's Cultural Resources Division reorganized three units into one functional organization, reducing FTE's by 12, flattening the organization structure, and making possible a reallocation of over \$1 million annually;
- Chickasaw National Recreation Area reorganized trash pickup in campgrounds to reduce the number of hours from 1,800 to 600, making possible a redirection of \$37,020 to higher priority activities;
- Rocky Mountain National Park proposed to close one of six visitor centers, which would enable reallocation of three FTEs and over \$40,000 to underserved core activities; and
- San Antonio Missions National Historic Site combined administrative and special projects officer positions with a reduction of one FTE and a possible reallocation of \$100,000 to maintain needed ranger positions.

The core operation analysis process is designed to assist park management in making fully informed decisions on staffing and funding alternatives that tie to core mission goals. This will ensure that funds are spent in support of a park's purpose, that funds are spent in an efficient manner, that a park's request for funding is credible, and that there are adequate funds and staff to preserve and protect the resources for which parks are responsible.

Both the scorecard and the core operations analysis process are used in preparing park business plans. Business plans help parks to focus on operations, develop cost objectives, identify revenue sources beyond appropriated funds, and plan out the highest priority projects for the next three to five years. Our business planning has evolved and improved. Early generation plans tended to identify park activities and core needs; restructuring or changing service practices to achieve efficiencies; or developing strategies for meeting goals beyond seeking additional appropriations. Our business plans now provide a better roadmap and strategies for addressing priority needs and park goals.

As part of our business plan initiative, the Student Conservation Association, a nonprofit organization, sends graduate students from top business, environmental management and public policy schools across the country to work at park units during an 11-week summer internship. Over the last nine years, more than 200 students have participated in the program, with many of them now working full time at the park, regional, and national levels. With the help of the Student Conservation Association internship program, we will be able to complete 12 business plans this summer.

To assist park units in preparing business plans, we have developed, through a contract, an Electronic Performance Support System. This system supports consistency across the entire program through the use of a standardized template, reduces workload on existing park staff, and allows for archiving of business plan-related data. Through automation, the time needed to assemble and process data has decreased, providing more time during the summer for parks to develop a true action plan and to focus on financial strategies.

Park scorecards, the core operations analysis process, and the business plan initiative have been developed with built-in connections to the individual park's goals, the NPS' goals, and the Department's Strategic Plan to assure that all business strategies and processes conform to the Government Performance and Results Act of 1993 (GPRA), which requires the utilization of budgetary resources to reach strategic outcomes and to measure our efforts to reach our goals against documented baselines.

Complementing these processes is the recent development of the budget cost-projection module, a tool that allows park managers to project the financial impact of decisions made today on future park budgets. Managers enter their assumptions regarding staffing (e.g. retirements, filling vacancies), pay and benefit changes, inflation, and the cost of meeting new program requirements over a five-year period. The system then provides a financial roadmap for the manager to determine the sustainability of their financial assumptions.

In addition to these measurement tools and methodology, the NPS is also participating in the use of PART, a government-wide initiative that attempts to move agencies toward greater levels of budget and performance accountability. PART is a systematic method of assessing the performance of program activities across the Federal government that was created and implemented by the Office of Management and Budget (OMB). It is a diagnostic tool used to improve program performance by reviewing overall program effectiveness, including program design and implementation and the ability to achieve results.

PART reviews have been completed, or are currently underway, on about seventy-five percent of the programs in the FY 2006 NPS budget request. The remaining programs are scheduled for review in 2006. All NPS programs which have completed PART reviews received acceptable scores except for Land and Water Conservation Fund State Grants, which received a “Results Not Demonstrated” rating due to a failure to demonstrate an adequate process for measuring performance and accomplishments. Both the Natural Resource Stewardship and the National Historic Preservation Programs received a score of 83 percent and were deemed moderately effective.

The NPS continues to work with OMB to develop performance measures for programs that have insufficient or inappropriate metrics in place and implement recommendations to improve program performance and efficiency. PART evaluations and recommendations continue to inform both budget formulation and program management decisions.

There are several other areas in which NPS has adopted more business-like practices in its operations. A critically important one is our concessions program, where business consultants have helped bring best business practices to our efforts and develop protocols that focus on the key processes of contracting and contract oversight in all concession contracts. We are also professionalizing our concessions work force; in fact, several of the business graduate students who have helped develop business plans have been hired by NPS for concession management positions. These practices are helping ensure that park visitors receive the best possible services. The concessions program is one of the NPS programs that is currently undergoing a PART evaluation.

Another key area where the adoption of business practices is demonstrating real results is in facility maintenance. As part of the President’s initiative to address the deferred maintenance backlog, NPS has, for the first time, developed an inventory of all facilities in eight industry-standard categories. We will complete comprehensive condition assessments of those facilities, for the first time, by the end of 2006. Those assessments will be critically important in future decisions about the most effective and efficient way to allocate maintenance dollars.

The NPS is also a full partner in the Department’s effort to implement an all-in-one business system – the Financial and Business Management System – that will not only replace all of its bureaus’ individual finance systems but will also encompass all other business activities such as procurement and travel, and make use of activity-based costing methodology as a tool for best practice identification and the strategic realignment of resources.

The NPS has improved its competitive review process by conducting preliminary planning with the assistance of outside industry expertise to ensure that we have the best, most efficient organization and operations in place. Significant benefits are being realized in terms of aggressive staff management, which include position review, replacing vacant park administrative positions with new business management positions, and determining to compete functions if they are found more efficiently performed in the private sector. One successful outcome of this process occurred at our Southeast Archeological Center, where operations were reconfigured to a more efficient workforce structure, saving an estimated \$850,000 per year over five years. Another was at Natchez Trace Parkway, where facility maintenance savings resulting

from a competitive review will save \$1.2 million over five years. In both of these cases, by improving the management of these functions, the NPS employees were retained and the savings were kept by the park. Five areas began undergoing preliminary planning efforts in 2004. Another three parks are scheduled for preliminary planning this year.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you or other members of the committee might have.